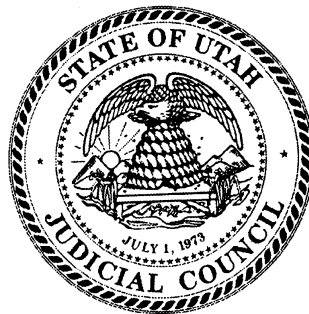


SUGGESTED ACCOUNTING PROCEDURES
FOR
UTAH JUSTICE COURTS



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**SUGGESTED ACCOUNTING PROCEDURES FOR
UTAH JUSTICE COURTS**

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SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

1.00 APPLICATION OF SUGGESTED ACCOUNTING PROCEDURES

- 1.01 These Suggested Accounting Procedures are published by the Administrative Office of the Courts as a reference for justice courts. The responsibility of accounting for justice court funds is often divided between the court and local government. It is recommended that a local government with a justice court refer to these policies and procedures as a benchmark when developing accounting controls. Internal auditors, local government independent auditors, and state auditors may reference these procedures in making audit recommendations to the local government and/or justice court.

2.00 ACCOUNTING SYSTEM

- 2.01 Establish an organized and efficient accounting system that ensures accurate reporting of all transactions and provides sufficient documentation for audit purposes. Provide employees with a copy of established policies and procedures. Court records must be retained per the timelines established in the Code of Judicial Administration, Appendix F. Accounting records must be retained four years plus the current year.

COMMENTARY:

A properly designed accounting system includes:

- An efficient accumulation, recording, and reporting of all transactions;
- Assessment of authority and responsibility;
- Separation of duties; and
- Methods of detecting errors and fraud.

- 2.02 Include the following components in the court accounting system:

- A. Preprinted, consecutively numbered receipts or receipts consecutively numbered by automated system. All receipts shall display the name of the court.
- B. Prenumbered checks, preprinted or generated by an automated check writing system.
- C. All pending cases should be recorded/entered in the case management system. Case financial record of all payments received and disbursed on a particular case. A case financial record shall include the following information: (if amount received or disbursed is non-case related, Refer to standard 2.02.e.).
 - Case number;
 - Defendant's name, if applicable;

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- Plaintiff's name, if applicable;
- Date payment/proof of credit was received or date the court or local government check is issued;
- Amount of payments received or disbursed;
- Amount of credit, suspension, or adjustment to the original amount due;
- Name and address of person making the payment or to whom the disbursement was made. (name and address of person making the payment is only required when the person is: 1) posting a bond, or 2) making a payment by check or money order and the name and address is not on that check or money order.);
- Receipt/transaction number;
- Method of payment (cash, check and check #, credit card, etc.);
- Identification of person accepting payment;
- The total costs assessed by distribution type;
- Total amount paid and/or converted from cash bail posted by distribution type;
- Balance owed by distribution type;
- Balance held on deposit, including bonds (indicate cash or surety);
- The name of the party against whom fines and fees are assessed; and
- The date notice of amount due and other collection notices were sent until amount is paid in full.

COMMENTARY:

If this information is recorded on a case file, case docket, ticket, complaint, or receipt, a separate case financial record is not required.

If monies are received or disbursed and are not case related, follow procedures in 2.02.e.

- D. Cash receipts journal and cash disbursements journal, which show all payments received and disbursed by day.

The cash receipts journal and cash disbursement journal shall include the following:

- Date payment was received or date court check issued;
- Amount received or disbursed;
- Name of payee if check issued;
- Receipt/transaction number or court or local government check number for all disbursements;

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- Payment distribution (restitution, fine, forfeiture, surcharge, etc.)

COMMENTARY

The cash receipts journal and cash disbursements journal must provide an audit trail to all individual cash receipt and cash disbursement transactions made in a day.

Refer to 5.08 for information required on cash receipts journal. The cash receipts journal requirements may be met by keeping individual journal entries for each cash receipt, or by using a combination of duplicate receipts (attached to copy of corresponding deposit slip) containing all items listed above and detailed information as listed in 5.06 and a summary journal entry which contains the range of receipt numbers and payment distribution totals for the day. The total of the cash receipts journal for the day must match the deposit with the local government treasurer or bank for the day. Individual cash receipt transactions must be identifiable for each deposit with the local government or bank.

Refer to 7.06 for information required for cash disbursements journal. The cash disbursements journal requirements may be met by keeping individual journal entries for each disbursement or by using a combination of check register stubs or duplicate copies of check requests containing all items listed above and a summary journal entry, which contains the range of check/check request numbers and the payment distribution.

- E. Record of non-case related receipts, each record should include applicable information listed in 2.02c. If this information is recorded on a receipt, a separate non-case related financial transaction record is not required.
- F. Open items record (unidentifiable receipts, pending appearance cash bail or bonds).
- G. Monthly bank reconciliation records.
- H. Monthly remittance reports identifying monies collected and transmitted to the treasurer for the month.

3.00 GENERAL POLICIES AND PROCEDURES

Note: If the local government receipts justice court payments, the following procedures should be implemented.

3.01 Post the following financial policies at a conspicuous location in the court office:

- A. The methods of payment that will be accepted;
- B. Checks should be made payable to the court or local government treasurer. The court should *not* accept checks payable to “cash;”
- C. A receipt will be issued for every payment made in person;

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- D. The court's non-sufficient funds (NSF) check policy;
 - E. The following notice will be posted where money is received from the public: "If you make a payment, make sure you keep your receipt as proof of payment."
- 3.02 Allow only bonded or insured employees to receive, deposit, disburse, or handle money. If the clerk is serving the court in a part time capacity, the clerk shall not be assigned to other duties, which present a conflict of interest or promote an appearance of impropriety regarding court responsibilities per the Code of Judicial Administration. Other local government employees, who receipt, deposit, disburse, or have access to court monies, should also be bonded.
- 3.03 Do not commingle personal monies with court monies. Employees shall not cash personal checks, make personal change from the change fund, or cash receipts. Never make change with personal monies.
- 3.04 Maintain a copy of the Uniform Fine and Bail Schedule (Code of Judicial Administration, Appendix C).
- 3.05 Segregate the responsibility for receipting and disbursing payments from the responsibility for posting to the case financial records and reconciling the accounting records, to the extent possible (Refer to the Flow of Court Collected Funds in Justice Courts <http://www.utcourts.gov/courts/just/audit/forms.asp>). Separate the three-principle duties 1) authorization, 2) custody of assets, 3) record keeping/reconciliation to the extent possible so no single individual is placed in a position that s (he) can perpetrate and conceal the misuse of funds while performing regularly assigned duties. In situations where it is impractical to separate duties due to the small number of employees, additional review procedures should be implemented to compensate for separation of duties weaknesses.

COMMENTARY:

Refer to Attachments A-D, Separation of Duties, at the end of Part I of these Suggested Accounting Procedures. If there are two or more employees in the office, assign the responsibility for receipting and disbursing payments to one or more employees. Assign the responsibility for posting to the case financial record and performing the monthly reconciliation to a different employee. If posting to the case financial record is simultaneous to preparing receipts and checks, as in an automated system, assign the responsibility for performing the monthly reconciliations to an employee who is not responsible for receipting and disbursing payments.

- 3.06 Safeguard all accounting records, receipts, checks, and monies received by the court.

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COMMENTARY:

- Store cash receipts in a secured place from the moment they are received until they are deposited in the bank;
- Have physical restrictions between cash receipts and the public;
- Post signs controlling admittance to areas where cash receipts are stored. Maintain a key/combination log listing the employees with access to locking devices/areas. Require employees to return keys to locking devices/areas upon termination. Change locks and combinations upon termination of an employee responsible for handling payments;
- Store duplicate keys to locking devices/areas in a key box equipped with two locks, which must be accessed under dual control. If the court uses an electronic cash drawer, the override key must be stored in the dual control key box.
- Limit the number of employees who have access to the safe;
- Keep blank checks and credit card invoices in locked devices, accessible only to persons (check stock custodian) authorized to provide checks to the preparer upon request;
- If signature stamps are used, establish safeguards to restrict access to the stamps by the check stock custodian and check preparer.
- Do not count deposits in public view;
- Limit the amount of cash in the cash drawers. Have a system in place for the cashier to remove excess cash;
- Require cashiers to keep cash drawers, registers, and safes locked when not in use and restrict access by other employees.
- Require employees to count money with second employee verification when custody is transferred to another person. Document the count including the coin, currency, checks (plus check number), and credit card amounts;
- Require each clerk to place the monies and/or Cash Change Fund portion in a locked cash box or bank bag in the safe/vault overnight and weekends. Use a fireproof safe, if possible, in which to store monies;
- Use night deposit locking bags or tamper-proof plastic bags to transfer cash receipts. These can be obtained from a bank. If possible, arrange to have a law enforcement officer accompany the individual depositing the money to the local government treasurer or bank or arrange for armored car pickup.

4.00 **CHANGE FUND**

Note: If the local government receipts justice court payments, the following procedures should be implemented.

4.01 Establish a fund for making change.

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COMMENTARY:

A change fund may be established as follows:

- Designate employees with primary and back-up responsibility for the change fund by maintaining a change fund log;
- Determine the amount of money needed of the change fund, limiting the amount per cash drawer to that which is necessary for daily operations;
- Obtain the amount of money needed for the change fund from the local government treasurer; and
- As needed, have the large currency in the change fund converted into coins and smaller currency.

4.02 Do not make loans from the change fund.

4.03 Do not use the fund to cash personal checks or purchase supplies.

COMMENTARY:

In addition to a change fund, the court may establish and use a petty cash fund if authorized by local funding authority. Petty cash funds could be used to make small court-related purchases (i.e., office supplies). The petty cash fund may not be used to make loans or cash personal checks. Local policies and procedures should be followed regarding replenishing of petty cash funds.

4.04 Reconcile the change fund daily. This reconciliation should be done each day regardless of the amount of cash receipts. The beginning balance of the change fund should remain constant.

COMMENTARY:

Deduct the amount of money maintained in the change fund from the total cash on hand. The amount remaining is the amount of money collected. Reconcile this amount to the daily cash receipts report.

In the event there is a cash shortage or overage, this should be immediately investigated and resolved. If there is still a discrepancy, this should be reported to the local government authorizing the fund and court management and documented. Refer to standard 9.02 for details on dealing with a documented shortage or overage.

5.00 **CASH RECEIPTS**

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Note: If the local government receipts justice court payments, the following procedures should be implemented.

5.01 Establish a policy specifying the methods of payments that will be accepted.

COMMENTARY:

A policy of accepting cash, money orders, credit cards, travelers' checks, certified checks, or personal checks if guaranteed by the bank is recommended.

5.02 Restrictively endorse all checks immediately, i.e., "For Deposit Only to (local government treasurer's or court's account name)."

5.03 Maintain internal control over receiving payments and writing receipts. For all payments received by mail, delivered by a third party (bail commissioner, deputy sheriff, etc.), or in a drop box, require two employees working together to open mail and record all payments on a log. A person, who did not take possession of the mail payments to receipt on the system, should verify that all mail payments listed on the log are accounted for, i.e., receipted, returned to payer, or mailed to the correct court.

5.04 Clerks, not judges, should receipt court payments received in the court or in an after hours drop box.

5.05 Secure all cash and checks received in a location that is out of the public view and is only accessible to authorized personnel.

COMMENTARY:

Keep the payments received in a locked cash drawer or tray and in a place that is out of reach and out of sight of the public. It is recommended that a separate cash drawer or tray be maintained by each cashier. If using an automated cash register or automated system, each cashier should use a separate coding key or user identification code.

5.06 Issue a receipt for each payment made in person. For all other payments, either issue a receipt for each payment or prepare a sequentially numbered transaction record for each payment. A receipt of transaction record shall include:

- Case number, if applicable;
- Defendant's name, if applicable;
- Plaintiff's name, if applicable;
- Date payment was received;
- Amount received;

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- Name and address of the person making the payment (only required if not included on case financial record and person is 1) Posting cash bail or a bond, or 2) Making a payment by check or money order and the name and address are not on that check or money order.);
- Identification of person receiving the payment;
- Method of payment (cash, check and check #, credit card, etc.);
- Sequential receipt/transaction number; and
- Name of court.

COMMENTARY:

Courts may want to simplify preparation of the cash receipts journal in a manual accounting system by including the allocation or distribution of the amount collected to the restitution, fine, surcharge, fees, etc., on the receipt and retaining a copy of the receipt.

- 5.07 Record all payments received immediately on the case financial record unless an automated system immediately journals payments and posts them daily to the case financial record.

Record the following information on the case financial record:

- Case number;
- Defendant's name, if applicable;
- Plaintiff's name, if applicable;
- Date payment was received;
- Amount received;
- Method of payment;
- Name and address of the person making the payment (name and address is only required when person is) posting cash bail or bond, or 2) making a payment by check or money order and the name and address is not on that check or money order.);
- Receipt/transaction number;
- Total amount paid and/or converted from cash bail or bond, by distribution type, restitution, (fine, surcharges, fees, etc.);
- Balance owed by distribution type (restitution, fines, surcharges, fees, etc.); And
- Identification of person accepting payment.

COMMENTARY:

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If this information is recorded on a case file, case docket, ticket, complaint, or receipt, a separate case financial record is not required.

5.08 Record all payments received on the cash receipts journal and include:

- Date payment was received;
- Amount received;
- Receipt/transaction number; and
- Payment distribution by type (restitution, surcharge, fees, cash bail, surety bond, etc.)

COMMENTARY:

The cash receipts journal requirements may be met by keeping individual journal entries for each cash receipt or by using a combination of duplicate receipts (attached to copy of corresponding deposit slip or deposit report for the local government treasurer containing all items listed above and detailed information as listed in 5.06 and a summary journal entry which contains the range of receipt numbers and the amounts for the day.

The total of the cash receipts journal for the day must match the deposit report to the local government treasurer or bank for the day. Individual cash receipts transactions must be identifiable for each deposit.

5.09 Courts with an automated accounting system must ensure that:

- The person responsible to set up employees with computer access rights, should not be able to set up accounts receivable or have access to assets (cash, checks, etc.), if possible;
- There is a process to remove access from an employee upon termination;
- Employees are required to protect user ids/logons and passwords and change their passwords periodically;
- Non-court personnel should be provided inquiry only access to the case management system, which means no ability to add, modify, or delete docket entries, accounting transactions, etc.;
- Only the programmer or appointing authority can set or reset the receipt number assigned by the computer;
- The system permits the voiding of a receipt or a check and will not allow the original computer entry of the payment to be changed or deleted;
- The system establishes a documented audit trail of all changes to the financial system and all changes to financial records. Changes to accounting transactions in closed periods should only be made in the current accounting period. These changes may only be made and accessed by authorized personnel;

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- The case management system is backed up regularly and the backup medium is stored off-site.

COMMENTARY:

To the extent possible, limit the ability to change accounting transactions (amounts crediting, suspending, or adjusting) or voiding receipts to a person other than the person who made the initial entry. If a cashier is allowed to credit an amount due when proof of compliance is presented per the Code of Judicial Administration Rule 4-701 and the Uniform Fine & Bail Schedule, then a copy of the proof presented by the payer should be retained with the case file or daily accounting records. If a cashier is allowed to adjust/suspend an amount due, the adjustment must be authorized and supported by a judicial order.

- 5.10 Retain all voided hand receipts. Do not destroy them.

COMMENTARY:

Void receipts by writing “VOID” across the receipt and write the reason why the receipt was voided in the system, on the hand receipt, or a void log. A cashier must request a second person approval at the time a receipt is voided. If this is not possible, a second person should review void receipts for reasonableness as a compensating control. Keep these receipts in a voided receipt file, attach to or include in them the cash receipts journal for the month in which the receipt was voided.

- 5.11 Do not alter receipts. If an error is made, write “VOID” on all copies of the receipt and issue a new receipt.

COMMENTARY:

Adding information to note corrections to name spelling or case number is not considered altering a receipt.

- 5.12 Account for all manual receipts issued. If an automated system is used, then hand receipts should only be issued when the system is not available.

COMMENTARY:

Require that someone other than the person who issued the receipt review the accounting records to verify that receipts are issued in sequence, recorded on the cash receipts journal and have actually been issued, been voided, or are unused. A Hand Receipt

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Custodian should be assigned to keep a log of the hand receipt books (numerical sequence) obtained, assigned to a clerk, and completed. The log should include the date the completed hand receipt book is destroyed according to the record retention schedule (Code of Judicial Administration Appendix F).

Manual receipts must be preprinted, prenumbered and numerically controlled to assure internal control. Blank generic manual receipt books will not meet this standard. Receipts must have the court name and unique sequential number preprinted on them. Numerical control is achieved by maintaining the numerical sequence for all manual receipts and taking steps to prevent the duplication or altering of receipts and receipt numbers and reconciling receipt books regularly.

6.00 DISBURSEMENT POLICIES

Note: If the local government disburses justice court revenue and trust funds (cash bail, restitution, etc.), the following procedures should be implemented.

- 6.01 Establish policies to require that disbursements (such as refunding cash bail, paying restitution to victims, refunding overpayments, and paying revenue to the state treasurer) be made within a prescribed period by the local government treasurer and state statutes UCA 78A-7-120 and UCA 78A-7-121.
- 6.02 Establish a policy identifying who authorizes disbursements and who issues and signs checks or check requisition forms.

7.00 PAYMENTS DISBURSED

- 7.01 Use prenumbered checks and check requisition forms, and establish a method to secure and account for all checks and check requisition forms.

COMMENTARY:

Require someone other than the person issuing checks to review the accounting records to verify the checks were issued in sequence and recorded on the cash disbursements record. If check requisition forms are used, the check requisition forms should be reconciled to the checks issued.

- 7.02 Limit responsibility for court ordered check requisition forms to court personnel. Limit responsibility for acting on court ordered requisitions by issuing and signing checks to personnel in the local government treasurer's office, if possible. The checks should be mailed from the local government office and a copy provided to the court. If the court has established a trust account per UCA 78A-7-121, then check writing, signing, and reconciliation duties must be assigned to different persons or compensating control procedures performed.

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COMMENTARY

If there are more than two employees in the office, it is recommended that a policy be established requiring the signature of the supervising authority of two employees on any check.

Monitor the bank records to verify that only authorized individuals are on the bank's list of those authorized to sign checks. Notify the bank immediately of any changes in the list of those authorized.

To the extent possible, the person who prepares the check should not sign the check, unless two signatures are required. In this situation, the check preparer should be the first signer. The second signer should mail/distribute the checks. The signed checks should not be returned to the person who prepares the checks.

7.03 Disburse all amounts by check.

7.04 Checks should be signed by authorized signers only after completing the payee's name, amount, and date. Distribute checks immediately upon completing.

7.05 Post all disbursements immediately on the case financial record.

Record the following disbursement information on the case financial record:

- Case number;
- Defendant's name, if applicable;
- Plaintiff's name, if applicable;
- Date check issued;
- Check amount;
- Name of payee;
- Check number; and
- Payment distribution (restitution, fine, surcharges, fees, etc.)

7.06 Record all disbursements on cash disbursements journal and include:

- Date check issues;
- Amount disbursed;
- Name of payee;

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- Check number;
- Payment distribution (fine, surcharges, fees, etc.)

COMMENTARY:

The cash disbursements journal requirements may be met by keeping individual journal entries for each disbursement or by using a combination of check register stubs or duplicate copies of check requests containing all items listed above and a summary journal entry, which contains the range of check/check request numbers and the amounts for the day.

- 7.07 Retain all voided checks.

COMMENTARY:

Write “void” across the check. Place all voided checks and a copy in a voided check file; attach the voided check to the corresponding check stub.

- 7.08 Establish a method to stop payment and account for checks reported as lost.

COMMENTARY:

If a check is reported as lost, the following procedures are recommended:

- Examine the most recent bank reconciliation to verify that the check has not cleared the bank;
- Check with the bank to verify that the check has not cleared the bank since the last bank statement;
- Authorize the bank to stop payment on the check. (Refer to Note after (3) below.);
- Write an explanation of why, when, and by whom the stop payment was ordered. File the explanation in the canceled check file, attach the explanation to the corresponding check stub, or attach the explanation to the cash disbursements journal page on which the check is shown as canceled; and
- Back the check out of all accounting records following these procedures:
 1. On the next available line of the current month’s cash disbursements journal, write “Canceled Check Number _____” in the “Disbursed TO” column, and write the amount of the check as a negative entry in the “Check Amount” column.
 2. Repeat Step 1 for the case financial record.

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3. On the cash disbursements journal and case financial record for the month when the check was written, write “Canceled” and the date the check was backed out beside the original entries. In addition, write “Canceled” and the date the check was backed out beside the appropriate number on the most recent outstanding checklist.

If a replacement check is issued, the following procedures are recommended:

1. Issue a new check following the normal disbursement procedures.
2. Record the new check number next to the canceled check number on all accounting records.

8.00 DEPOSITS AND BANK ACCOUNTS

- 8.01 Establish all bank and investment accounts under the office of the officer receiving funds or to the political subdivision's treasurer per UCA 51-4-2 Deposits by political subdivisions and UCA 78A-7-121.
- 8.02 Keep the signature cards for all bank and investment accounts current. Prevent check signers from accessing mail payments, cash funds, and funds held for deposit, performing the bank account reconciliation, or initiating/approving disbursements.

COMMENTARY:

Notify the bank immediately of any changes in the list of employees included on the signature cards.

- 8.03 Keep a list of all checking, investment and other bank accounts which includes the name and address of the banking institution, the account number, the account name, the rate of interest (if fixed), and the names of those authorized to sign checks or make withdrawals.
- 8.04 Ensure all bank accounts used to hold court money are insured by the Federal Deposit Insurance Corporation (FDIC) and ensure collateral agreements exist for amounts exceeding the \$100,000 (which includes principal and interest) FDIC insured amount.

COMMENTARY:

Monitor your bank accounts to verify that all daily balances exceeding the \$100,000 FDIC insured amount are covered by bank collateral. If the balance ever exceeds the amount covered by the bank collateral in the written agreement, increase the collateral agreement.

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Verify that all securities pledged as collateral by the bank are held by a disinterested bank.

- 8.05 Deposit all monies in the same form as received to the local government treasurer. Deposit according to UCA 78A-7-121 and UCA 51-4-2.

COMMENTARY:

The court must establish and follow a regular deposit procedure, which includes consideration of the following provisions:

Depositing daily protects against loss or theft and increases any interest earned.

This standard prohibits cashing personal checks or issuing IOU's. Do not use monies received by the court to pay for expenses or supplies. Deposit all monies in the same form in which they were received; i.e., checks, bills, coins.

- 8.06 Maintain a record of the individual receipts included in each deposit.

COMMENTARY:

The cash receipts journal which includes information listed in 5.08 is adequate to show the total of each deposit, the date of each deposit, and the individual payments received that are included in each deposit.

8.07 Segregate the responsibility of reviewing documentation supporting the deposits and making the deposits, to the extent possible. The deposit preparer should provide a copy of the deposit detail to a second clerk before the deposit is delivered. The deposit should be delivered by the person that prepared the deposit, if possible. The local government treasurer/bank should count the deposit in the presence of the person delivering the deposit and provide a copy of the deposit receipt to the court. The validated deposit receipt should be given to the second court employee for reconciliation purposes.

COMMENTARY:

Refer to Attachments A and B, Separation of Duties, at the end of Part I of the Suggested Accounting Procedures.

9.00 **RECONCILIATION**

- 9.01 Reconcile and balance all court accounting records at least quarterly to verify that all funds are accounted for properly, Refer to UCA 78A-7-121 4(c).

COMMENTARY:

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A person, independent of cash receipting or disbursements, should reconcile the bank account monthly. If it is not possible for a person independent of cash receipting and disbursement duties to reconcile the account, then a second person (supervisor) should review the completed reconciliation. The monthly bank statement should be delivered unopened to the reconciler. Perform the following reconciliations, and retain a copy of the reconciliations in the local government records:

- Balance the cash receipts journal and the cash disbursements journal;
- Reconcile the receipts with the validated deposits to ensure the cash and check composition is the same;
- Reconcile the trust held per the case management system to the local government's general ledger (if the court has *not* established a trust account);
- Reconcile the numerical sequence of check disbursements;

Prepare a bank reconciliation:

- Compare canceled (paid) checks (number, date, payee, and amount) to entries in the cash disbursement journal and verify the checks were signed by authorized signers, endorsements are proper, and checks are free of alterations;
- Reconcile the receipts with the deposits per the bank statement;
- Reconcile the record of open items with all bank accounts and cash balances.

Retain the following for each bank account:

- Copy of the bank reconciliation;
- Record of outstanding checks;
- Record of deposits in transit;
- Bank statements;
- Canceled checks;
- Canceled deposit slips; and
- Bank issued debit and credit memos.

9.02 The court personnel should reconcile and balance all monies receipted daily, but not less than every three days, and retain documentation of the reconciliation.

COMMENTARY:

Perform the following daily reconciliation and retain a copy of the reconciliations in the court's records:

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- Reconcile monies collected with the register tape or daily cash receipts report. (Two people should reconcile each drawer/register, if possible; the cashier using the drawer/register and a second person, i.e., supervisor, judge, or treasurer.)
- Verify the change fund each time the register is reconciled. Each drawer/register should have a fixed “change” amount that is provided by the local government general fund. Do not use court receipts.
- A confirmed cash overage or shortage should be entered into the cash short/over account.
- Report and investigate overages and shortages immediately; document reason for overage or shortage. A record should be kept of this amount for each drawer/register or person and reported to management for a decision as to the cashier’s negligence or possible misuse per local government policy.

10.00 TRUST FUNDS HELD INCLUDING OUTSTANDING CHECKS

10.01 On at least a monthly basis:

- Monitor trust funds (cash bail, restitution, etc.) monthly to ensure funds are held properly or disbursed to the defendant, victim, or Division of Unclaimed Property;
- Investigate all court checks outstanding for more than six months.

COMMENTARY:

- Send a letter to the payee’s last known address advising the payee that the check has not been cashed. If the payee does not cash the check or contact the clerk within 30 days, payment will be stopped and the funds will be turned over to the state as unclaimed fees.
- If the payee responds that the check has been lost, reissue the check by following the procedures for canceling a check described in section 7.00.
- If the Payee cannot be located, follow the procedures for canceling a check described in section 7.00, but do not reissue the check.
- Follow the policies and procedures applicable for the proper disposal of unclaimed funds per UCA 67, Chapter 4a UNCLAIMED PROPERTY ACT.

11.00 CASH BAIL OR SURETY BONDS

- #### 11.01
- Require all agencies accepting cash or securities as bond to remit/deliver the cash or securities collected to the court on the next working day, or within three days per UCA 10-3-920 and UCA 17-32-1.

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- 11.02 Issue a receipt immediately for all cash bail or surety bond monies transmitted to the court by other entities or made in person. For all payments delivered to the court by the sheriff's office or port-of-entry personnel, a system of dual control (Refer to Section 5.03) must be followed. Issue a receipt or prepare a sequentially numbered transaction record for each payment.

COMMENTARY:

If the monies from more than one cash bail or bond are transmitted on the same day, and a detailed listing of the individual bond amounts and a total amount transmitted accompanies the monies transmitted, only one receipt for the total amount received is necessary. Post the receipt number on the detailed listing of the individual bond amounts.

All receipts for cash bail or bond monies should include:

- Case number, (department report number or booking number can be used if case number or warrant number is not available), if applicable;
- Defendant's name, if applicable;
- Plaintiff's name; if applicable;
- Date payment was received;
- Amount received;
- Name and address of the person making the payment if not included in the case financial record;
- Identification of the person receiving the payment;
- Method of payment (cash, check, credit card, etc.);
- Sequential receipt/transaction number; and
- Name of court.

- 11.03 On a monthly basis, review open items record and take appropriate action on all pending/outstanding cash bail or bonds.

- 11.04 Disburse cash bail or bond monies by check and only upon order of the court unless otherwise ordered by the judge. Refund cash bail or bond monies only to the individual(s) who posted the cash bail or bond.

COMMENTARY:

If the individual who posted the cash bail or bond appears personally at the court, require identification before refunding the bond. The court may want to require a notarized authorization document if someone other than the person that posted the bond is

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

receiving the bond monies. The court sends a check requisition to the local government treasurer authorizing the disbursement.

12.00 **REPORTING**

- 12.01 Prepare and submit the monthly report to the court administrator's office and governing body required by UCA 78A-7-215. The report identifying monies collected by the court and deposited with the local government treasurer for the month.

13.00 **FINANCIAL REVIEW**

Title 51 Chapter 2a Accounting Reports From Political Subdivisions, Interlocal Organizations, and Other Local Entities

(3) "Audit report" means:

- (a) the financial statements;
- (b) the auditor's opinion on the financial statements;
- (c) a statement by the auditor expressing positive assurance of compliance with state fiscal laws identified by the state auditor;
- (d) a copy of the auditor's letter to management that identifies any material weakness in internal controls discovered by the auditor and other financial issues related to the expenditure of funds received from federal, state, or local governments to be considered by management; and
- (e) management's response to the specific recommendations.

The State Auditor's Office prepares a Legal Compliance Audit Guide, a section of which includes justice court compliance. The audit currently includes a Compliance Review of State Laws applicable to Local government Justice Courts provided to the State Auditor's Office by the Justice Court Administrator/AOC Internal Audit Department. The State Auditor's Office provides training every spring to the certified public accountants that audit governmental entities.

Municipal Justice Courts

Utah Code requires cities and towns to have an annual independent audit performed.

10-3-916. Appointment of recorder and treasurer in a city of third, fourth, or fifth class or a town - Vacancies in office.

10-1-104 (9) "Recorder," unless clearly inapplicable, includes and applies to a town clerk.

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10-6-150. Annual financial reports - Independent audit reports.

10-6-151. Independent audits required.

County Justice Courts

Utah Code requires counties/municipalities to have an annual independent audit performed. The audit currently includes a Compliance Review of State Laws by County Justice Courts provided to the State Auditor's Office by the Justice Court Administrator.

17-19-1. County auditor's powers and duties.

17-36-39. Independent audits.

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

Key Terminology

Accounting Records:	Refer to Financial Records
Accounting System:	Procedures and records which provide for accumulation and reporting of accounting data in an efficient and accurate manner and which provide appropriate internal controls.
Accounting Transaction:	The occurrence of a financial event or condition that must be recorded.
Accounts Receivable:	Amounts imposed by the court, but not collected.
Accrue:	To accumulate.
Assess:	To impose according to an established amount.
Automated Cash Management System:	A system, which electronically links financial transactions with case financial records, cash receipts and disbursements journals and other appropriate accounting journals and ledgers. This system should provide a financial audit trail for each specific case, party, or transaction.
Bank Reconciliation:	The process of verifying activity posted to the court's accounting records to the bank account statement. This is done to make sure that the bank and court records agree and to make sure that discrepancies are investigated and resolved.
Case Financial Record:	The listing of the costs assessed in a case, including receipts, disbursements, and the balance held or due on the case. Refer to 2.02 for complete listing of required information.
Cash Disbursements Journal:	The listing of all payments made by the court by distribution type (restitution, fines, forfeitures, surcharge, fees, etc.) by date. The journal could be a combination of computer reports, check register stubs or copies of check request forms containing all needed information. Refer to 7.06 for complete listing of required information.

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Cash Receipts:	All monies received by the court. Includes cash, checks, money orders, credit card vouchers, and any other money instrument.
Cash Receipts Journal:	The listing of all cash receipts received by distribution type (restitution, cash bail, fines, forfeitures, surcharge, court costs, fees, etc.) by date. The total of each day must match the daily deposit amount. This record could be a combination of “one-write” records, computer reports or detailed duplicate receipts grouped by and attached to a copy of the corresponding deposit slip containing all needed information. Refer to 5.08 for complete listing of required information.
Change Fund:	The amount of money on hand for making change.
Daily Cash Receipts Report:	Used to reconcile monies collected for a day. Includes total cash receipts by method of payment less the change fund. If this amount is more or less than receipts issued or transactions posted, the amount plus reason for the overage or shortage is recorded on this report.
Financial (Accounting) Records:	Records maintained by the court to account for all monies received by and disbursed by the court.
Internal Controls:	Procedures and records designed to minimize opportunity for the mishandling or theft of money.
Investment Record:	The accounting record that contains all the information about an investment account.
Mail payment log:	A daily listing of all cash receipts received in the mail. Each entry should contain information regarding the name of the person remitting the payment, the amount of the payment and the form of the payment (cash, check, money order, etc.). Two employees would normally open each day’s mail, then complete, and sign the mail payment log to verify the mail receipts. (Refer to references to mail payment log in Attachment A-D.)
Money:	Includes coins, paper money, and demand deposits (checks, money orders, cashiers checks, certified checks).

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

Open Item:	Money held for a party or a case that has not been allocated or posted to a particular account for a scheduled disbursement; includes unidentifiable receipts, pending appearance bonds or appeals bonds.
Surcharge:	An amount, added to fines and forfeitures, used for a designated purpose (UCA 63-63a-1).
Transaction:	The occurrence of a financial activity that must be recorded.
Transaction Record:	Substitute for manual receipt (i.e., mail payments listing, mail receipt register, etc.).

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

SEPARATION OF DUTIES

Attachment A

Separation for Receipting Duties for One or Two Employees

Separation of Duties for Courts with Only Two Employees to Perform Receipting Procedures	
Duties of Employee #1	Duties of Employee #2
1. Receives cash/checks from payers.	1. Receives cash receipt forms, daily cash receipts summary, mail payment log, and deposit slip from Employee #1.
2. Prepares a pre-numbered hand receipt form or computer receipt.	2. Reviews daily cash receipts summary and mail payment log for accuracy, completeness, and reasonableness, and compares amounts to deposit slip.
3. Opens mail.	3. Signs daily cash receipts summary and mail payment log to document review.
4. Prepares the mail payment log.	4. Retains a copy of the deposit slip.
5. Stamps all checks, etc., received "For Deposit Only."	5. Returns cash receipt forms, daily cash receipts summary, mail payment log, and original deposit slip to Employee #1.
6. Retains cash received in a cash register or a locked cash box.	6. Receives the validated deposit slip from Employee #1.
7. Prepares a daily cash receipts summary, reconciling cash receipts to cash collections.	7. Verifies that amount on validated deposit slip agrees with copy of original deposit slip.
8. Investigates and documents cash overages and shortages.	8. Returns validated deposit slip to Employee #1.
9. Signs the daily cash receipts summary and mail payment log.	9. Obtains accounting records from Employee #1 and performs reconciliation on a monthly basis and submits revenue disbursement request to the local government for the Utah State Treasurer.
10. Prepares deposit slip in duplicate.	
11. Submits cash receipt forms, daily cash receipts summary, mail payment log and deposit slip, in duplicate, to Employee #2.	

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SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

“Attachment A Continued”	
Separation of Duties for Courts with Only Two Employees to Perform Receipting Procedures	
Duties of Employee #1	Duties of Employee #2
12. Receives cash receipt forms, daily cash receipts summary, mail payment log, and original deposit slip from Employee #2.	
13. Deposits cash/checks with bank and receive a validated deposit slip.	
14. Sends validated deposit slip to Employee #2.	
15. Records information from daily cash receipts summary in the accounting records.	
16. Receives validated deposit slip from Employee #2.	
17. Files cash receipt forms, mail payment log, validated deposit slip, and daily cash receipts summary by date.	

Note: Local government personnel, court personnel, or the judge (duty #2 only) may perform the functions. Do not use this listing if there are three or more people to perform these functions. Refer to Attachment B.

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

Attachment B Separation for Receipting Duties for Three or More Employees

Separation of Duties for Courts With at Least Three Employees to Perform Receipting Procedures		
Duties of Employee #1	Duties of Employee #2	Duties of Employee #3
1. Receives cash/checks from payers.	1. Opens mail received with Employee #1.	1. Receives daily cash receipts summary and validated bank deposit slip from Employee #2.
2. Prepares a pre-numbered hand receipt form or computer receipt.	2. Receives cash receipt forms, daily cash receipts summary and mail payment log from Employee #1.	2. Verifies that amounts and dates agree on the documents submitted.
3. Opens mail received with Employee #2.	3. Reviews daily cash receipts summary and mail payment log for accuracy, completeness, and reasonableness.	3. Submits daily cash receipts summary and validated deposit slip to Employee #1.
4. Prepares a mail payment log of all cash received through the mail.	4. Signs daily cash receipts summary and mail payment log to document review.	4. Obtains accounting records from Employee #2 and performs reconciliation on a monthly basis and submits revenue disbursement request to the local government for the Utah State Treasurer.
5. Stamps all checks, etc., received "For Deposit Only."	5. Prepares deposit slip and retains copy.	
6. Retains cash received in a cash register or a locked cash box.	6. Records information, including cash overages and shortages, from the daily cash receipts summary in the accounting records.	
7. Prepares a daily cash receipts summary, reconciling cash receipts forms to cash collections.	7. Returns cash receipt forms, daily cash receipts summary, mail payment log and original deposit slip to Employee #1.	

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SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

“Attachment B Continued”

Separation of Duties for Courts With at Least Three Employees to Perform Receipting Procedures		
Duties of Employee #1	Duties of Employee #2	Duties of Employee #3
8. Documents cash overages and shortages on the daily cash receipts summary and investigates.	8. Receives daily cash receipts summary and validated deposit slip from Employee #1.	
9. Signs daily cash receipts summary and mail payment log.	9. Verifies that amount on validated deposit slip agrees with copy of original deposit slip.	
10. Submits cash receipt forms, daily cash receipts summary and mail payment log to Employee #2.	10. Submits the daily cash receipts summary and validated deposit slip to Employee #3.	
11. Receives cash receipt forms, daily cash receipts summary, mail payment log, and original deposit slip from Employee #2.		
12. Deposits cash/checks with bank and receive a validated deposit slip.		
13. Attaches validated deposit slip to the daily cash receipts summary and submits to Employee #2.		
14. Obtains daily cash receipts summary and validated deposit slip from Employee #3 and files them along with the cash receipt forms and mail payment log by date.		

Note: Local government personnel, court personnel, or the judge (duty #3 only) may perform the functions.

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

Attachment C Separation for Disbursement Duties for Courts with a Trust Fund Bank Account per UCA 78A-7-121 One or Two Employees

Separation of Duties for Courts with Only Two Employees to Perform Disbursement Procedures	
Duties of Employee #1	Duties of Employee #2
1. Reviews supporting documentation for accuracy and propriety.	1. Receives all check request forms and supporting documentation from Employee #1. On a test basis, reviews the completeness and accuracy.
2. Prepares check request forms.	2. Signs check request forms as approval and submits along with supporting documentation to Employee #1.
3. Submits check request forms and supporting documentation to Employee #2 for approval.	3. Receives prepared checks, approved check request forms, and supporting documentation. Compares checks to check request forms, and signs checks.
4. Receives approved check request form and supporting documentation from Employee #2.	4. Submits signed checks, check request forms, and supporting documentation to Employee #1.
5. Prepared checks from check request forms, and records in check register.	5. Performs bank reconciliation on a monthly basis. Files canceled checks numerically with bank statement.
6. Submits prepared checks, approved check request forms, and supporting documentation to Employee #2.	
7. Receives signed checks, check request forms, and supporting documentation from Employee #2.	
8. Mails checks.	
9. Records information from check request forms in the accounting records.	
10. Cancels and files check request forms and supporting documentation.	

Note: Note: Court clerks or the judge (duty #3 only) may perform the functions. Do not use this form if there are three or more employees to perform the duties (Refer to Attachment D).

SUGGESTED ACCOUNTING PROCEDURES FOR UTAH JUSTICE COURTS

Attachment D

Separation for Disbursement Duties for Courts with a Trust Fund Bank Account per UCA 78A-7-121

Three or More Employees

Separation of Duties for Courts With at Least Three Employees to Perform Disbursement Procedures		
Duties of Employee #1	Duties of Employee #2	Duties of Employee #3
1. Reviews supporting documentation for accuracy and propriety.	1. Receives check and supporting documentation for Employee #3 and verifies for completeness and accuracy.	1. Receives check request forms and supporting documentation for Employee #1.
2. Prepares check request forms.	2. Prepares checks from check request forms and records check in register.	2. Signs check request forms as approval.
3. Submits check request forms and supporting documentation to Employee #3 for approval.	3. Submits checks, check request forms and supporting documentation to Employee #3.	3. Submits check request forms and supporting documentation to Employee #2 for check preparation.
4. Receives signed checks from Employee #3.	4. Receives documentation and check request forms from Employee #3 and signs check.	4. Receives unsigned checks, check request forms, and supporting documentation from Employee #2.
5. Mails checks.	5. Records information from check request forms in the accounting records.	5. Compares checks to the documentation and signs checks.
	6. Cancels and files check request forms and supporting documentation by date.	6. Submits signed checks to Employee #1.
		7. Submits documentation and check request forms to Employee #2.
		8. Performs bank reconciliation on a monthly basis. Files canceled checks numerically with bank statement.

Note: Court clerks or the judge (duty #3 only) may perform the functions.